

GIL GUTKNECHT
1ST DISTRICT, MINNESOTA



Congress of the United States
House of Representatives
Washington, DC 20515-2301

August 13, 1999

Chairwoman Ida Castro
Equal Employment Opportunity Commission
1801 L Street NW
Washington, D.C. 20507

Dear Chairwoman Castro:

I am writing to inform you about possible age discrimination which might have occurred when IBM recently converted its pension plan from a defined benefit pension to a cash balance formula. In switching to a cash balance plan, IBM announced they will "save" approximately \$200 million. Many believe that these savings will benefit younger and newer employees at the expense of older employees.

Older employees have dedicated numerous years of their lives to IBM. One of the reasons these employees stayed with IBM for so long is because they provided a certain set of retirement benefits. It seems unfair for IBM to make these changes without the advice and consent of those affected.

These changes could also constitute a violation of existing age discrimination laws. The Omnibus Budget Reconciliation Act of 1986 amended the Tax Code, Employee Retirement Income Security Act of 1974, and the Age Discrimination Enforcement Act, to prohibit an employer from maintaining a defined benefit pension plan under which an employee's rate of benefit accrual goes down because of increases in age.

I believe there is enough circumstantial evidence for the Equal Employment Opportunity Commission to investigate, and if appropriate, take action to enforce the applicable provisions of the above mentioned laws as they apply to IBM's new pension plan.

Thank you for your immediate consideration of this matter.

Sincerely,

Gil Gutknecht
Member of Congress

WASHINGTON OFFICE:
425 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2301
(202) 225-2472
(202) 225-3248 FAX
gil.gutknecht@mail.house.gov
www.house.gov/gutknecht

PRINTED ON RECYCLED PAPER

HOME OFFICE:
MIDWAY OFFICE PLAZA
1530 GREENVIEW DRIVE SW, SUITE #
ROCHESTER, MN 55902
(507) 252-9841
(507) 252-9915 FAX
IN MN: 1-800-862-8632 TOLL FREE